

Municipal Grant Program

Department of Community and Economic Development

Program 23

I. PROGRAM OBJECTIVES

In accordance with AS 37.05.315 - .325, the Department of Community and Economic Development administers grants, which are made at the discretion of the Legislature, to incorporated municipalities. The grants are designated for use on various capital projects and activities.

II. PROGRAM PROCEDURES

Once the authorizing legislation becomes effective, the Department executes a grant agreement with the receiving municipality (grantee). The grant agreement specifies the purpose of the grant and contains the terms and conditions under which the grantee must perform.

III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES

A. TYPES OF SERVICES ALLOWED AND UNALLOWED

Compliance Requirement

The municipality will spend the grant funds only for the purpose specified in the appropriation.

Suggested Audit Procedures

- Determine the purpose of the grant by original and supplementary legislation
- Review evidence of expenditures, (checks) and bills, (invoices) to determine if grant funds were used only for the purposes specified in the appropriation.
- For those funds received by the municipality but not yet claimed as expenditures, determine where these funds are located and what the interim use is or has been.
- For those funds identified for use other than construction, determine the status of each grant, (i.e., grant purpose completed, all funds expended, grant purpose in progress not yet completed, or grant purpose not yet begun); and
- Review evidence of expenditures and bills to determine when charges were incurred in relation (by date comparison) to the grant appropriation date. Report those charges incurred before the effective date of the

appropriation. Standard Agreement Form, Article I (1)

Compliance Requirement

The facilities and services provided by the grant must be available for use of the general public.

Suggested Audit Procedures

- Physically inspect the facility to determine if the general public has access to its use;
- Determine what services are provided by the grant and if they were for the benefit of the general public; and
- Determine whether a facility or service provided by a grant is used exclusively, primarily or infrequently by private business concerns, government entities or other selected groups. Standard Agreement Form, Article I (3) (Rev. 6/93)

B. ELIGIBILITY

Compliance Requirement

The municipality must have the authority under the State law or local charter to provide the services for which the funds were appropriated.

Suggested Audit Procedures

- Identify the services to be provided by the grants selected for audit;
- Determine that the municipality currently has the authority to provide the identified service; and
- Report exceptions. Standard Agreement Form (Rev. 6/93)

C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

Compliance Requirement

The municipality must return to the state all grant funds received for construction of a public facility if the state determines that substantial ongoing work on the project has not begun within five years of the date it was appropriated.

Suggested Audit Procedures

- Identify grants involving construction activities; and
- Review checks and invoices presented to verify that substantial construction has actually begun. (This is not to be measured by dollars alone, rather the ongoing work should be at a stage that would be impracticable to stop construction.) Standard Agreement Form, Article I(4) (Rev. 6/93).

D. REPORTING REQUIREMENTS

Compliance Requirement

The grant agreement will specify the reporting requirements the grantee is to adhere to.

Suggested Audit Procedures

- Examine copies of the reports and determine completeness and timeliness of submission in accordance with the grant agreement; and
- Trace data in selected reports to underlying documentation.

E. SPECIAL TESTS AND PROVISIONS

Compliance Requirement

All grants for construction of a public facility must be operated and maintained for the practical life of the facility by other than the state.

Suggested Audit Procedures

- Identify the grants involving construction activities which require maintenance and operation costs, whether construction is complete or not;
- Review checks and invoices presented to verify claimed expenditures for evidence of expenditures for maintenance and operation; and
- Determine from municipality records whether any other state funds were used for maintenance or operation of the facility. Standard Agreement Form, Article I (5) (Rev.6/93).

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